
TOO GOOD TO BE TRUE....

A Column on Consumer Issues
by Attorney General Wayne Stenehjem's
Consumer Protection and Antitrust Division

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CREDIT REPAIR SCAMS

"Credit Problems? No problem..."

"We can erase your bad credit – 100% guaranteed"

"We can remove bankruptcies, judgments, liens, and bad loans from your credit file, FOREVER!"

"Create a new credit identity – legally."

If you are looking for a way out of your credit problems, beware of so-called "credit repair" companies that falsely claim they can change or erase accurate negative information from your credit report. Just remember, anything they can do, you can do better.

In many cases, these "credit repair" companies take your money (anywhere from \$50 to \$1,000), do little or nothing to improve your credit report and then vanish into thin air. In some cases, they may be encouraging you to violate federal law if they ask you to make false statements on a loan or credit application, misrepresent your social security number, or advise you to get an employer identification number (EIN) from the IRS under false pretenses.

Here are some signs to help you determine if a credit repair company is legitimate and honest:

- "We guarantee results." There is a federal law that forbids credit repair organizations from guaranteeing results.
- A large lump sum is due upfront. Usually, the request for a large lump sum payment is a tip-off that you are being scammed. In many instances, this may be in violation of state and federal laws.
- "Our software can delete negative information from your credit report." This is a blatant lie. The three major credit bureaus do not allow the public to access their computer database and alter or delete information.
- "You can establish a new credit identity or new credit file." This is not true. If you follow the advice of the credit repair company suggesting that you get a new EIN and use that in place of your social security number on a loan or credit application, you would be committing a felony and subject to prosecution.

There are no quick or easy cures for a poor credit history. The best way to repair your credit is to do it yourself. It will take time to accomplish your goal, but well worth the effort.

Here are some tips to remember:

- Your credit history is maintained by private companies called credit bureaus that collect information reported to them by banks, mortgage companies, department stores, and other creditors.
- You are entitled to a free copy of your credit from each of the three major credit bureaus once a year. You can request a free copy of your credit report by calling 1-877-322-8228 or by going online at www.annualcreditreport.com.

- No one can erase negative information if it is accurate. Only incorrect information can be removed. Accurate information remains on your record for seven years from the time it is reported. Bankruptcy information remains on the report for ten years.
- If you have a poor credit history, even if your past problems were due to illness or unemployment, time is the only thing that can heal your credit report.
- You can correct **mistakes** on your credit report yourself. It doesn't cost anything to question or dispute items in your credit report.

If there are mistakes or outdated information on your credit report, you can notify the credit bureaus of the problems and provide as much information as you can about what is wrong on the report. The bureau must, at no charge to you, investigate the disputed information. It then must correct any mistake or delete any information it cannot verify.

If these steps do not resolve matters, you can file with the credit bureau a written statement of up to 100 words explaining your side of the story. This explanation will be included in your credit report.

Here are some common credit repair scams:

1. "We have an 'in' with the credit bureaus and they will delete unflattering information in your file." This is untrue. There are certain procedures that must be followed to make changes to the credit report. Without following the procedures, the changes will not be made.
2. "We can convince the creditor that you don't really owe the debt." Con artists will come up with a scheme to have you challenge the debt or will send numerous procedural requests to the creditor in an effort to get them to drop the claim.
3. "We can get you a new, clean credit file." This cannot be done legally. The con artist convinces the consumer to apply for a new taxpayer identification or EIN for the purpose of building a new credit history. But watch out. This is a felony.
4. "We can clean your credit fast and use our contacts to get you a mortgage (or credit card or loan.)" This is one of the most recent and costly credit repair scams. Con artists dangle the promise of much needed money or loans in front of desperate consumers as an incentive to give up hard earned money they can ill afford to pay. Some companies mask themselves as credit counseling agencies and others imitate mortgage companies.
5. "Call our handy 900 number for details on how to fix your credit." This is a scam within a scam. While you are looking for help, the con artists are looking to keep you on the line as long as possible and make money from the per minute charges.

While the road to repairing your credit history can be long and involved, it is something you can do yourself or you can enlist the assistance of a local credit counseling service. Check your telephone directory for nonprofit financial counseling programs.

If you have had a problem with a credit repair company or a credit-related scam, contact the Consumer Protection Division at 701-328-3404 or toll free at 1-800-472-2600.

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

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